

Message Text

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ORIGIN NEA-10

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DRAFTED BY NEA/EGY:CAKENNEDY:SEB
APPROVED BY NEA/EGY:DONEWBERRY
-----120855 030807Z /11

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FM SECSTATE WASHDC
TO AMEMBASSY CAIRO

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E.O. 11652: N/A

TAGS: BDIS, EG

SUBJECT: BUSINESS COMPLAINTS

1. FOR EMBASSY'S INFORMATION, WE ARE QUOTING A LETTER RECEIVED BY CONGRESSMAN HAMILTON FROM MR. GEORGE CARLSON. BEGIN TEXT. DEAR CONGRESSMAN HAMILTON: WHILE NOT ONE OF YOUR CONSTITUENTS, OUR COMPANY LOCATED IN OHIO DOES CONSIDERABLE SUB-CONTRACT BUSINESS WITH FIRMS IN INDIANA AND WE FEEL THAT YOU MAY BE INTERESTED IN THE PROBLEMS WE ARE ALL HAVING IN TRANSACTING BUSINESS WITH EGYPT UNDER OUR FOREIGN ASSISTANCE AND THE VERY CONSIDERABLE DANGER OF THE U.S. BEING CONSIDERED AS AN ACCOMPLICE TO THOSE WHO WOULD UNDERMINE OUR EFFORTS IN THAT COUNTRY.

SEVERAL OF US WHO ARE PASSING THROUGH WASHINGTON AFTER A FRUSTRATING VISIT TO EGYPT HAPPENED TO SEE THE ARTICLE IN THE SUNDAY WASHINGTON POST STATING THAT THE GENERAL ACCOUNTING OFFICE HAS FOUND THAT EYGPT IS UNABLE TO ABSORB THE UNPRECEDENTED ASSISTANCE WE AND OTHER NATIONS ARE MAKING AVAILABLE. AT THE MOMENT WE MUST AGREE THAT MUCH UNCLASSIFIED

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OF THE COMBINED AID EGYPT IS RECEIVING IS EITHER BEING TOTALLY WASTED OR IS BEING USED TO PURCHASE THE WRONG KIND OF EQUIPMENT, SYSTEMS, ETC., AND THIS IS PARTICULARLY TRUE IN THE AREA OF INDUSTRIAL PLANT EQUIPMENT. THAT IS, BOTH EQUIPMENT FOR MODERNIZATION AND BALANCING.

FOR WHAT IT IS WORTH WE ARE LISTING THE FOLLOWING PROBLEMS
WHICH ARE BADLY IN NEED OF CORRECTION:

1. WHILE WE ARE TOLD THAT WE MAY DEAL DIRECTLY WITH THE
VARIOUS GOVERNMENT AND PRIVATE PURCHASERS OF EQUIPMENT AND
MATERIALS, WE ARE CONSTANTLY HOUNDED AND THREATENED BY
LOCAL EGYPTIAN AGENTS AND THEIR U.S. CORRESPONDENTS THAT
UNLESS WE TRANSACT OUR BUSINESS THROUGH THEM WE HAVE
VIRTUALLY NO CHANCE OF SELLING OUR PRODUCTS. IT IS
NORMALLY OUR PRACTICE TO USE QUALIFIED TECHNICAL-COMMERCIAL
AGENTS TO REPRESENT US IN FOREIGN SALES AND WE WOULD HAVE
NO OBJECTIONS TO USING THIS SAME APPROACH IN EGYPT. UN-
FORTUNATELY, THOSE WHO HAVE CONTACTED US SO FAR LACK THE
TECHNICAL QUALIFICATIONS REQUIRED BUT STILL INSIST THAT
THEY ARE THE ONLY ONES WHO CAN SELL TO OUR PROSPECTIVE
CUSTOMER. IT SEEMS THAT THEY ARE ALSO CORRECT AS WE HAVE
NOT BEEN ABLE TO SELL THROUGH OUR PREFERRED ALTERNATE
QUALIFIED LOCAL AGENTS. WE ARE ALSO BEING HELD UP FOR
LARGE COMMISSIONS TO BOTH EGYPTIAN AND U.S. AGENTS WITH
THE MONEY (CHARGES) TO BE BUILT INTO OUR BASIC PRICE
WITHOUT REVEALING THAT IT IS A COMMISSION. SINCE MOST
PURCHASES ARE BEING NEGOTIATED RATHER THAN SOLD ON A
COMPETITIVE BID BASIS OVERPRICING IS QUITE POSSIBLE.

2. SECONDLY, WE WOULD APPRECIATE IT IF WE COULD GET
THROUGH TO THE U.S. GOVERNMENT REPRESENTATIVES IN CAIRO.
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THAT IS, THERE SEEM TO BE INADEQUATE NUMBERS OF PERSONNEL
TO DEAL WITH THE MANY VISITING BUSINESS PEOPLE AND WE
SIMPLY CAN NOT AFFORD TO WAIT DAYS FOR APPOINTMENTS AND
THEN TALK TO A PERSON WHO IS NOT VERY EXPERIENCED IN THE
COMMERCIAL AND TECHNICAL FIELDS WE OPERATE IN.

YOUR ASSISTANCE IN BOTH OF THE ABOVE AREAS WOULD BE
HELPFUL. SINCERELY YOURS, GEORGE CARLSON AND COLLEAGUES,
COLUMBUS, OHIO. END TEXT.

2. WE HAVE PREPARED AN INITIAL RESPONSE TO CARLSON'S
LETTER AND WILL FOLLOW IT UP WITH ANY RECOMMENDATIONS
ON IMPLIED LEGAL ISSUES INVOLVING COMMISSIONS. WE HAVE
STATED IN OUR RESPONSE THAT WE WOULD DRAW YOUR ATTENTION
ESPECIALLY TO NUMBERED PARA 2 OF THE LETTER.

3. EMBASSY'S COMMENTS FOR FUTURE REFERENCE OR FOLLOW-UP
REPLY ARE WELCOME. VANCE

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